



Health Services

LOS ANGELES COUNTY

June 3, 2015

Los Angeles County Board of Supervisors

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

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TO: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: NOTICE OF INTENT TO REQUEST DELEGATED
AUTHORITY TO APPROVE A PERCENTAGE
INCREASE EXCEEDING 10 PERCENT OF THE
TOTAL AGREEMENT AMOUNT OF AN EQUIPMENT
MAINTENANCE AND REPAIR SERVICES
AGREEMENT

This is to advise the Board that the Department of Health Services (DHS) is scheduling a Board letter for the June 30, 2015 agenda that requests approval of a successor agreement with Olympus America, Inc. for endoscope equipment maintenance and repair services. The Board letter also requests delegated authority for annual maximum obligation increases of 40 percent for the agreement. In accordance with Board of Supervisors' Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

AGREEMENT

Olympus America, Inc. (Olympus) is the Original Equipment Manufacturer (OEM) for their various types of endoscopes such as fiberscopes and videoscopes which offer High Definition 3D technology. These endoscopes are used in anesthesiology, bariatrics, gastroenterology, general surgery, gynecology, pulmonology, thoracic surgery, and urology. Endoscopes are often used to confirm a diagnosis when other devices, such as a Magnetic Resonance Imaging, x-ray, or a Computerized Tomography scan are not appropriate. Endoscopes can even be used for enabling biopsies and retrieving foreign objects. An endoscope is often used to find out the degree of damage a known condition may have caused. In many cases, endoscopes contribute to the decision of best treatment for a patient.

JUSTIFICATION

The Board letter requests approval of a recommendation to allow the Director of Health Services, or his designee, to increase the annual maximum obligation of the Agreement by no more than 40 percent above the total annual amount for the first full fiscal year of the

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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



successor agreement for Olympus. The delegation of authority is necessary to ensure that the Agreement's contract maximum can accommodate the following possible actions: to add equipment coming off warranty, provide for out-of-scope repairs or maintenance for equipment that is excluded under the Agreement's basic maintenance services, add equipment/services to additional locations, provide professional services, and cover emergency or unforeseen as-needed equipment maintenance, repair and support services. Facilities will only request that equipment or locations be added if additional services are needed and funding is available in the facility's budget.

The Joint Commission requires facilities to ensure routine preventative maintenance, timely repairs, and performance/safety testing of its medical equipment and maintain patient safety. Therefore, this delegated authority is necessary to enable the Agreement to be amended timely to guarantee that the critical equipment is maintained appropriately and ensure the safety of patients and facility staff, as well as to meet the requirements of The Joint Commission. Board policy generally allows delegated authority to increase the maximum obligation up to 10 percent. However, based on experience in recent years with several other equipment maintenance service agreements, DHS believes that requesting 40 percent for potential increases is appropriate since adding even a few pieces of equipment or an additional facility may require a significant funding increase.

If DHS is not able to add equipment to existing Agreements, the alternative is to request a Purchase Order (PO) from the Internal Services Department. The lead time to obtain a PO is much longer than execution of an amendment to an existing DHS Agreement using the Board's delegated authority.

NOTIFICATION TIMELINE

Consistent with the procedures of Board Policy 5.120, we are informing the Board of our intention to proceed with the filing of the Board letter with the Executive Office of the Board for the June 30, 2015 Board Meeting.

If you have any questions or need additional information, please let me know, or your staff may contact Kathy Hanks, at (213) 240-7819 or khanks@dhs.lacounty.gov.

MHK:kh

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors